



DEFENSE FINANCE AND ACCOUNTING SERVICE  
ARLINGTON  
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FEB 1 2005

DFAS-DOP

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE ARMY (FINANCIAL OPERATIONS)

DIRECTOR, OFFICE OF FINANCIAL OPERATIONS, OFFICE  
OF ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)

DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL OPERATIONS)

DIRECTOR, ADMINISTRATION AND MANAGEMENT  
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE  
COMPTROLLERS, DEFENSE AGENCIES  
RESOURCE MANAGERS, DOD FIELD ACTIVITIES

Subject: Claim for Retroactive Reimbursement for Federal Employees Health Benefits (FEHB)  
Premiums While on Active Duty in Support of a Contingency Operation

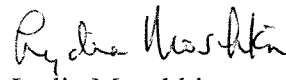
The Deputy Under Secretary of Defense, Civilian Personnel Policy, has issued procedures for the reimbursement of health benefit premiums to DoD civilians called to active duty in support of a contingency operation. As you may recall, in May 2002, Office of the Secretary of Defense (OSD), Force Management and Policy, issued a memo to implement the policy authorizing agencies to pay prospectively for the employee's share of the FEHB premiums when a DoD employee is serving on active duty in support of a contingency operation. OSD (Personnel and Readiness)(P&R) has issued the second step to their policy, which provides guidance for the reimbursement of premiums retroactive to December 8, 1995. To assist you with preparing the documentation required for submission of claims, the necessary documents are attached. Attachment 1 provides the Steps for Filing a Claim. Attachment 2 provides the procedures issued by OSD (P&R) for making retroactive payments for FEHB premiums to DoD civilian employees who were called to active duty in support of contingency operations. Attachment 3 provides the CPMS FAS Sample Form for claims. Attachment 4 provides the Imaging Fax Cover Letter for use in submitting claims to the payroll offices.

In developing the original claims procedures, the DoD Office of General Counsel (Fiscal) advised that the FEHB premiums made in accordance with Section 519 of the NDAA for FY 2002 (Public Law 107-107) must be made from the appropriation used to fund the claimant's civilian health benefits at the time of his or her mobilization. However, in an effort to make the program easier to manage and administer, we have determined that the costs should be charged to the funds of a claimant's current employing activity, regardless of the employing activity at the time of mobilization. We feel this change in approach will better serve military reservists by expediting the processes necessary to refund the claimant's requests. As such, DFAS will charge the current employing agencies funds for currently employed claimants. It will not be necessary for agencies to provide fund cites for these employees since the Defense Civilian Pay System (DCPS) maintains the fund data on current employees. This revised approach on funding the

costs through the current employing activity has been coordinated with the DFAS Office of General Counsel and the DoD Office of General Counsel (Fiscal).

If an employee is not currently employed, the claim must be treated differently since DCPS has no way to identify the appropriate line of accounting for them. These exceptions may include separated or retired employees, or claimants of deceased employees. Each Component and DoD Agency must provide a Line of Accounting (LOA) for the payment of these types of claims. Claims cannot be processed without this information; therefore, the LOA must be included on the claim form before submitting it to the appropriate payroll office.

Questions regarding this subject may be directed to Mrs. Cheree Peirce of my staff. She can be reached at (703) 607-5022.



Lydia Moschkin  
Director, Policy and  
Requirements Management

Attachments:

As stated

cc:

Director, Military and Civilian Pay Services  
National Security Agency  
Retirement and Insurance Officers

## STEPS FOR FILING A CLAIM

- Each employee will complete a claim request for the retroactive reimbursement of health benefits for the time periods when the employee was called to active duty in support of a contingency operation and health benefit premiums were collected from pay or paid out-of-pocket through cash reimbursement.
- The claim, along with the required supporting documentation will be submitted to the employee's servicing personnel office.
- The civilian personnel office will verify that the active duty performed by the claimant was in support of a contingency operation, verify the employee's FEHB enrollment, and then certify the claim accordingly. The civilian personnel office will retain the copies of the military orders and not forward a copy of the military orders to DFAS.
- Current employees: Claims will be paid from the current employing agency's funds.
- Former DoD Employees Employed by a non-DoD agency and Employees Not Currently Employed: Claims from former DoD employees currently employed by a non-DoD agency, separated or retired employees, or claimants or representatives of deceased employees, must be filed with their employing agency at the time of separation, which must provide a Line of Accounting (LOA) for payment of the claim. The LOA must be entered on the claim form before it is submitted to the payroll office. Claims cannot be processed until a valid LOA is provided on the claim form. (Reimbursements are not authorized for the periods during which a claimant was employed by a non-DoD agency).
- The personnel office will submit claims to the servicing payroll office through the DFAS Imaging system using a cover letter, including the name, phone number, and fax number of the submitter.
- The payroll office will process the claims as they are received and either issue a check or submit the refund to the banking institution on record.
- The payroll office will provide a spreadsheet of the retroactive FEHB reimbursement to the human resources office that submitted the claim.

## **Procedures for Making Retroactive Payments for FEHB Premiums to DoD Civilian Employees Who Were Called to Active Duty in Support of Contingency Operations**

These procedures apply to retroactive payments to employees for Federal Employees Health Benefits (FEHB) premiums previously paid by the employee. Procedures to pay premiums prospectively for employees who are currently in an active duty status and those who are called to active duty in the future were issued on May 17, 2002, by memorandum from the Deputy Under Secretary of Defense (CPP).

### **Eligibility**

In order to be eligible to be reimbursed for FEHB premiums previously paid, the employee or former employee must have, in accordance with section 519, National Defense Authorization Act for Fiscal Year 2002:

- Been a civilian employee of the Department of Defense at the time called to perform active duty. This includes employment with the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as "the DoD Components").
- Been enrolled in FEHB and paid the employee share of the premiums, either by payroll deduction after returning from active duty or by direct payments to the payroll office during the period of active duty.
- Been a member of a Reserve component of the U.S. Armed Forces. The Reserve components are: The Army National Guard of the United States, the Army Reserve, the Naval Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.
- Been called or ordered to active duty (voluntarily or involuntarily) in support of a contingency operation as defined in section 101(a)(13) of title 10, United States Code.
- Been placed on leave without pay or separated from Federal civilian service to perform active duty.
- Served on active duty for a period of more than 30 consecutive days for each period for which reimbursement is claimed.

The maximum period of eligibility for each period is 18 months. Periods in which the employee is in a paid leave status during those 18 months do not extend the eligibility period. The periods for which reimbursement is claimed must have occurred after December 7, 1995.

### **Designated Contingency Operations**

The contingencies and operations that are included in each are provided below. Due to mission changes, this list may not be comprehensive over time.

<u>Contingency</u>	<u>Authority</u>	<u>Effective date</u>	<u>Status</u>
Bosnia <ul style="list-style-type: none"><li>• Operation Joint Endeavor</li><li>• Operation Joint Guard</li><li>• Operation Joint Forge</li></ul>	Executive Order 12982	December 8, 1995	Ongoing
Southwest Asia (Iraqi Crisis) <ul style="list-style-type: none"><li>• Operation Southern Watch</li><li>• Operation Northern Watch</li><li>• Operation Desert Spring</li><li>• Operation Desert Thunder</li><li>• Operation Desert Fox</li><li>• Operation Desert Falcon</li><li>• Operation Desert Focus</li></ul>	Executive Order 13076	February 24, 1998	Ongoing
Kosovo <ul style="list-style-type: none"><li>• Operation Allied Force</li><li>• Operation Joint Guardian</li></ul>	Executive Order 13120	April 27, 1999	Ongoing
911 Terrorist Attacks <ul style="list-style-type: none"><li>• Operation Infinite Justice</li><li>• Operation Enduring Freedom</li><li>• Operation Iraqi Freedom</li><li>• Operation Noble Eagle</li></ul>	Executive Order 13223	September 14, 2001	Ongoing

### **Claimant Responsibilities**

The claimant must submit a claim for each period using the attached format.

Current employees must submit claims to the current employing DoD Component, even if the employee was employed by a different DoD Component at the time the active duty was performed. Former employees must submit claims to the last employing DoD Component. Survivors of deceased employees must submit claims to the last employing DoD Component. Each Component will publish a list of where to submit claims.

The claim must include the following information:

- Name
- Social Security number
- Current home address
- Health benefits enrollment code for each period being claimed

- The beginning and ending dates of the period being claimed (month, day, and year)
- If deductions were withheld from an incentive award and not previously reimbursed, the ending date of the pay period the award was paid and the Leave and Earning Statement (LES), if available.

Note: Employees are not eligible for reimbursement of premiums deducted while in a civilian pay status. This includes situations where employees used military or annual leave at the beginning of active duty prior to being placed on leave without pay or separating from service, or intermittently while on leave without pay.

If health benefit premiums were paid directly to the payroll office by check or money order during any period of active military service, supporting documentation is required. Examples of supporting documentation include copies of cancelled checks.

In addition to the claim format, survivors must submit a Standard Form 1153, "Claim for Compensation of Deceased Civilian Employee," and a certified copy of the certificate of death.

Claims must be supported by proof of qualifying service. Examples of acceptable written orders include:

- If the statutory authority listed on the orders is section 12301(a), 12302, or 12304 of title 10, United States Code, the employee has provided proof of qualifying service.
- If the orders state that the duty is in support of one of the named contingencies/operations and the statutory authority is a provision of title 10, United States Code, the employee has provided proof of qualifying service.

Members of the Army National Guard or Air National Guard ordered to duty under title 32, United States Code, or any provision of state or territorial law, or the District of Columbia Code are not eligible.

### **DoD Component Human Resources Offices Responsibilities**

In accordance with Component guidelines, human resources offices will:

- Accept claims from:
  - Current employees, regardless of which Component employed the employee during the active military service;
  - Former employees;
  - Survivors of deceased employees.

- Certify that the orders supporting the claim indicate that the active duty is in support of a contingency operation. Human resources office may obtain assistance in interpreting the statutory authority on the orders from an appropriate military personnel office. However, the burden of providing proof of qualifying service remains with the claimant.
- Verify employee's enrollment in FEHB.
- Forward claim and supporting documentation to the payroll office.

### **Payroll Office Responsibilities**

Payroll offices will:

- Designate contacts to receive the information required to pay the benefit.
- Upon receipt of the properly completed claim including the human resources office's certification, reimburse the employee, former employee, or survivor of deceased employee for the FEHB premiums previously paid.
- Payments for claims must be made from the appropriation that was used to fund the claimant's civilian health benefits at the time of his/her mobilization. The military service that mobilized the claimant is irrelevant for purposes of determining this funding source. Funds current at the time a claim is adjudicated are available to pay these costs.
- Provide the human resources office with notification in the form of a standard spreadsheet after payment has been made.

### **Questions and Answers**

Q1. When does the 18-month period begin?

A1. The 18-month period begins with the first day the employee serves on active military duty.

Q2. What if the employee is absent performing military service for a period of more than 18 months?

A2. Health benefits coverage will be terminated by the human resources office at the end of 18 months.

Q3. Will employees be reimbursed for premiums they paid between the time they were released from active duty in support of a contingency operation and the time they exercised their restoration rights?

A3. Yes.

Q4. What are the tax consequences of this benefit?

A4. Section 106 of the Internal Revenue Code provides for exclusion from income of employer provided health benefits, to include premiums. If the premiums were paid with pre-tax dollars under the Federal Employees Health Benefits-Premium Conversion (FEHB-PC) then the employee received the section 106 tax benefit in that year and any reimbursement now of the premium would be taxable income to the employee. If the employee paid the premium with after-tax dollars, then any reimbursement now would be tax-free and the section 106 tax benefit is realized in the year reimbursed. Neither situation would require any correction to a previous W-2. If the reimbursed premiums are taxable income, they will be reflected in the W-2 for the tax year in which the reimbursement is received.

Q5. What if the employee paid the premiums with after-tax dollars and included the FEHB premiums in the medical expenses as an itemized deduction when filing a tax return for a prior tax year?

A5. The employee should consult a tax advisor for specific guidance on how to handle such situations, but generally, such reimbursed itemized deductions are included as income in the tax year in which they are received.

Q6. Is there a time limit for filing retroactive claims?

A6. Based on the Statute of Limitations, a claim may be filed for a period of up to six years. Since Public Law 107-107, Section 519, which created the legal basis of the claim, became law on December 28, 2001, the six-year period for filing retroactive claims will continue until, at the earliest, December 28, 2007.

Q7. Does the Soldiers and Sailors Civil Relief Act have any affect on the six-year period?

A7. Under a provision of the Soldiers and Sailors Civil Relief Act, the time the employee is on active duty will not count in determining when the six-year period ends.

Q8. What recourse will be available if a claim is denied?

A8. All claims must comply with the requirements set forth in these procedures and must be supported by sufficient documentation. If the payroll office denies payment, the claimant will be advised then regarding available recourse.



**CLAIM FOR RETROACTIVE REIMBURSEMENT FOR FEHB WHILE ON ACTIVE DUTY IN SUPPORT OF A  
CONTINGENCY OPERATION PER PUBLIC LAW 107-107, SECT 519**

*(Complete one form for each period of service claimed)*

*Premiums deducted while in a paid leave status (annual leave, military leave, etc.) will not be reimbursed.*

- ☐ Claimants must submit copies of all military orders pertaining to the service period claimed.
- ☐ Claimants who made a payment directly to DFAS by check or money order must attach copies of cancelled checks, duplicate checks, or other supporting documentation.
- ☐ If the claimant is the survivor of a deceased employee, attach the SF 1153, "Claim for Compensation of Deceased Civilian Employee," and a certified copy of the death certificate.
- ☐ Former employees and survivors of deceased employees must provide information for Electronic Funds Transfer (EFT) to a bank or other financial institution:  
Financial Institution Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

Printed Claimant Name: (Last, First, MI)		Claimant SSN:	FEHB (3 character )Code :
Printed Claimant Current Home Address:			Daytime phone number with Area Code:
Claimant is: <input type="checkbox"/> Current employee <input type="checkbox"/> Former employee		<input type="checkbox"/> Survivor of deceased employee. Name of deceased employee: _____ SSN of deceased employee: _____	
Initial Date of Active Duty: (mm/dd/yyyy)	Ending Date of Active Duty: (mm/dd/yyyy)	Date Returned to Civilian Duty: (mm/dd/yyyy)	
FEHB premiums were: <input type="checkbox"/> Withheld from salary after claimant returned to duty. <input type="checkbox"/> Paid directly to DFAS by check or money order. <input type="checkbox"/> Withheld from an award received while on LWOP. Ending date of the pay period in which the award was paid: _____ (Attached copy of LES)			

**I certify that all statements made in this claim are true and correct to the best of my knowledge and belief.**

\_\_\_\_\_  
**Claimant Signature**

\_\_\_\_\_  
**Date**

*Warning: It is a violation of law to make false or fraudulent claims against the United States or make false statements in connection therewith.*

**HUMAN RESOURCES ENDORSEMENT TO DFAS**

The military orders for the claimant listed above have been reviewed and reflect that the claimant was on active duty with the military in support of a contingency operation and was enrolled in FEHB from \_\_\_\_\_(mm/dd/yyyy) to \_\_\_\_\_(mm/dd/yyyy). The claimant's OPF, or other official records, reflect that the claimant was a civilian employee of DoD with \_\_\_\_\_ (provide component the claimant was employed by during this period e.g., Air Force, Army, Navy, etc.), at the time called to perform active duty for the period of service reflected in this claim.

Place the Line of Accounting (LOA) on the line below only if the claim submitted is from a former employee or survivor. If designated as Air Force in previous paragraph, then LOA should begin with 57, if Army then 21, if Navy then 17, etc.

LOA: \_\_\_\_\_

\_\_\_\_\_  
Human Resource POC Printed Name, Signature and Phone #

\_\_\_\_\_  
Date

# **CIVILIAN PAYROLL IMAGING FAX COVER LETTER**

**FAX to:**

**Toll free: 1-866-401-5849  
Commercial: 1-850-473-6450  
DSN: 753-6450**

**Date:** \_\_\_\_\_

**From: Name:** \_\_\_\_\_  
**Phone #: Comm:** \_\_\_\_\_ **DSN:** \_\_\_\_\_  
**Fax #: Comm:** \_\_\_\_\_ **DSN:** \_\_\_\_\_  
**Email address:** \_\_\_\_\_

**To:      Denver      Pensacola      Charleston      (please circle one only)**

**Team/Database/Payblock #** \_\_\_\_\_

**Subject:      FEHB CLAIM**

**Total # Pages:** \_\_\_\_\_

**PLEASE NOTE: DO NOT SEND MILITARY ORDERS WITH THE  
REQUIRED SUPPORTING DOCUMENTS FOR THIS CLAIM**

*Attachment 4*